AHCCCS FFS INPATIENT HOSPITAL RATE UPDATE
OCTOBER 1, 2005 - SEPTEMBER 30, 2006

In accordance with Arizona Revised Statute (ARS) 36-2903.01, AHCCCS reimburses hospitals for inpatient hospital services based on a prospective tiered per diem methodology in which payment for each day of care is based on the level of care (tier) provided. Payment for each tier is comprised of two components, operating and capital. The operating component is a statewide average, and the capital component is a blend of hospital-specific and the statewide average.

Tiered per diem rates effective October 1, 2005 were inflated forward to the midpoint of the rate year (March 31, 2005) by the Global Insight CMS Hospital Prospective Reimbursement Market Basket (PPS).

Statewide Weighted Average Tier Rates, Effective 10/1/05-9/30/06

Maternity	$1,378.85
NICU Level III	$1,397.28
NICU Level II	$1,182.66
ICU	$2,756.32
Surgery	$1,599.31
Psychiatric	$ 872.94
Nursery	$ 542.50
Routine	$ 1,076.23
Routine Rehab	$ 1,003.94

Hospital Claim Processing

The processing of an inpatient claim is hierarchical. Each day is classified into **one** tier based on diagnosis, procedure, and/or revenue codes. Once the criteria are met within a tier for a particular day, the day is classified into that tier even if it meets the condition of a lower tier in the hierarchy. Inpatient claims may split across no more than **two** tiers per continuous stay. The attached hierarchy for tier assignment chart lists the qualifications for each tier, and the allowed tier splits.

Outpatient Hospital Fee Schedule

Fee-for-service hospital outpatient services are reimbursed by the AHCCCS Outpatient Hospital Fees Schedule effective 7/01/2005 pursuant to ARS 36-2903.01(H).

AHCCCS Hierarchy For Tier Assignment.

TIER	IDENTIFICATION CRITERIA	ALLOWED SPLITS
MATERNITY	A primary diagnosis defined as maternity 640.xx - 643.xx, 644.2x - 676.xx, v22.xx - v24.xx or v27.xx.	None
NICU	Revenue Code of 175 for DOS before 10/1/95 AND the provider has a Level II or Level III NICU, or Revenue Code of 174 for DOS on, or after 10/1/ 95 AND the provider has a Level II or Level III NICU.	Nursery
ICU	Revenue Codes of 200-204, 207-212, or 219.	Surgery Psychiatric Routine
SURGERY	Surgery is identified by a revenue code of 36x. To qualify in this tier, there must be a valid surgical procedure code that is not on the excluded procedure list.	ICU
PSYCHIATRIC	Psychiatric Revenue Codes of 114, 124, 134, 144, or 154 AND Psychiatric Diagnosis = 290.xx - 316.xx. If a routine revenue code is present and all diagnoses codes on the claim are equal to 290.xx - 316.xx, classify as a psychiatric claim.	ICU
NURSERY	Revenue Code of 17x, not equal to 175 or 174.	NICU
ROUTINE	Revenue Codes of 100 - 101, 110-113, 116 - 123, 126 - 133, 136 - 143, 146 - 153, 156 - 159, 16x, 206, 213, or 214.	ICU